



ASEAN 6 – M&A Deals

A Pickering Pacific study of trends in M&A deals in six major ASEAN countries from 2006 to 2009

Objective

Pickering Pacific regularly conducts research to identify the main trends in the M&A markets of six major ASEAN countries. This issue covers the period from January 2006 to December 2009.

This paper is the fourth update of our initial research paper published in October 2008.

Notes

For the purpose of this study, the “ASEAN-6” countries reviewed are: Indonesia, Malaysia, Singapore, Thailand, The Philippines and Vietnam. This study does not cover any other ASEAN countries.

All M&A data are extracted from the Bloomberg database unless otherwise stated. The Bloomberg database only includes a portion of the deals that have occurred during the relevant period.

All “Announced deals” in the Bloomberg database are taken into account, regardless of whether they were terminated later on.

Some parties do not make public the value of their transaction. All statistics on deal value¹ exclude all the deals for which no value has been disclosed.

Some deals are reported without indication of the acquirer’s country. Statistics on the breakdown between foreign and domestic buyers exclude all the deals for which no acquirer’s country has been indicated.

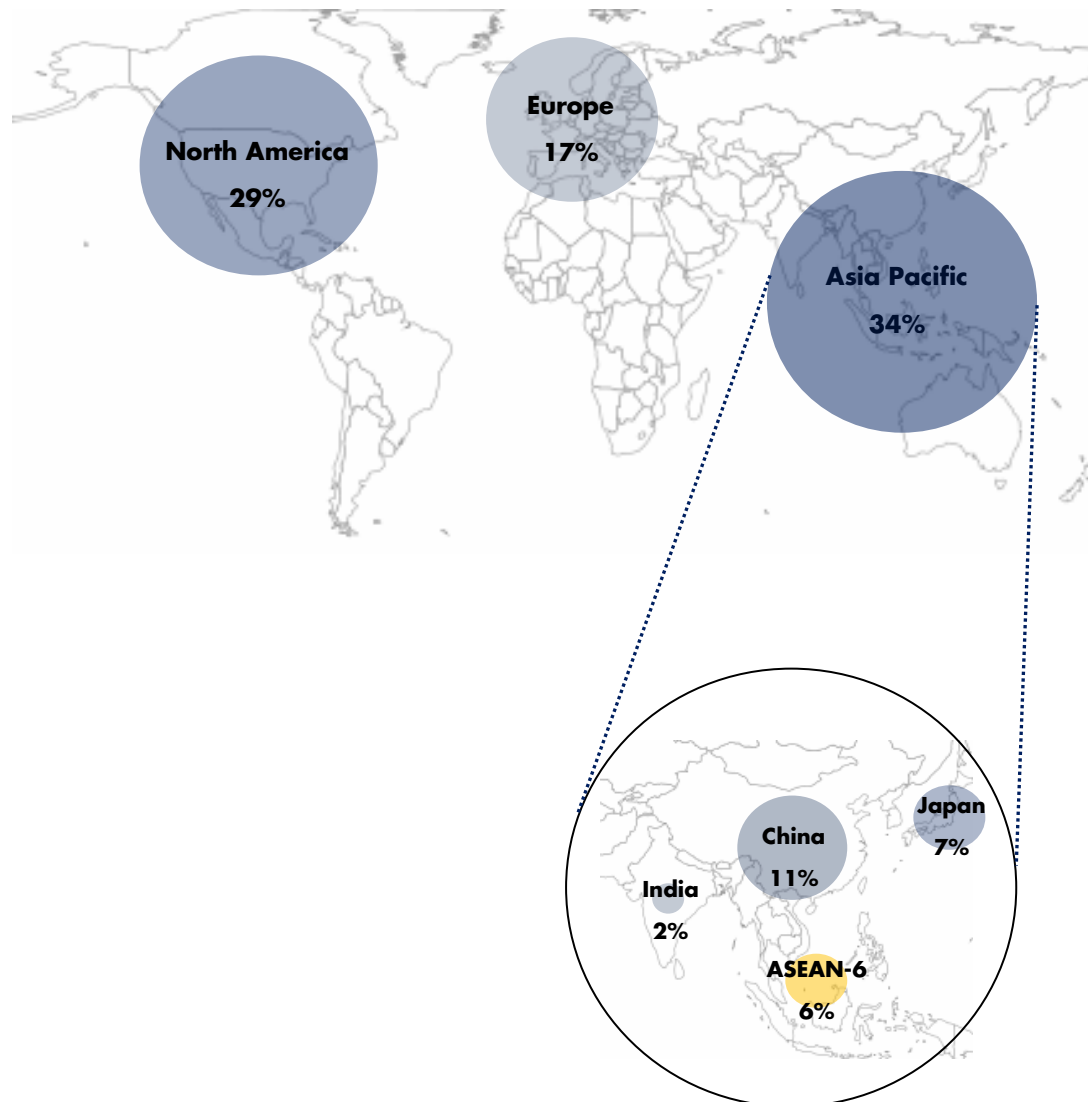
All amounts are in US dollars (USD) unless otherwise stated.

“Mid-market” deals refer to any M&A deal up to an enterprise value of USD 150m.

¹ Total deal value, average deal size and breakdown between mid-market and large deals.

M&A activity in Southeast Asia in the Second Half of 2009

Global M&A Deals by Region (In-bound)

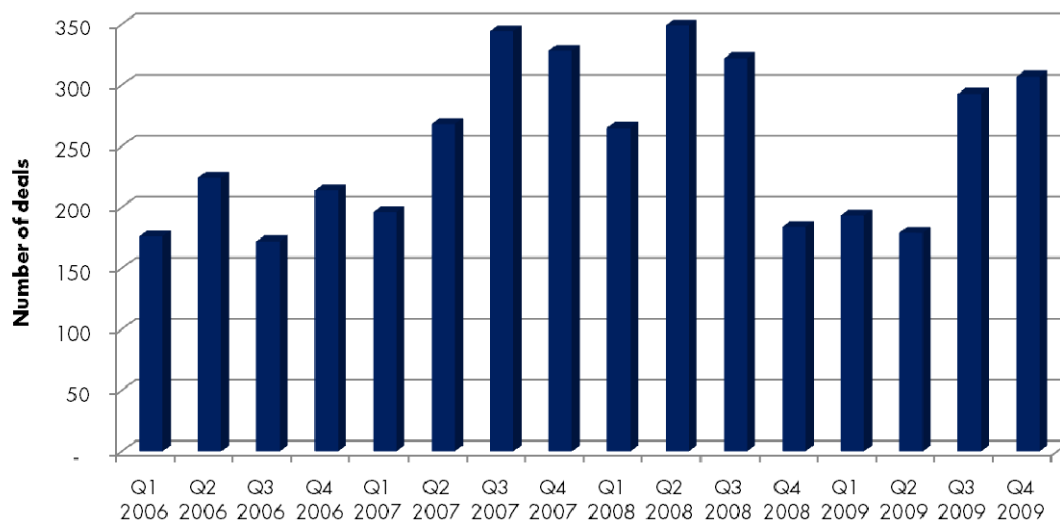


Source: Bloomberg, Pickering Pacific Analysis. In-bound deals announced during the second half of 2009.

On a global scale, Asia-Pacific stood for a third of the in-bound deal² volume in the second half of 2009. Transactions in ASEAN-6 countries accounted for 6% of the deals concluded worldwide and 25% of the deals done in Asia. The strength of the M&A market in Southeast Asia is still evident amidst the emerging markets of India and China.

² In-bound deals are deals for which the targets are situated in the specified region.

M&A Deals in ASEAN-6 - Deal Overview

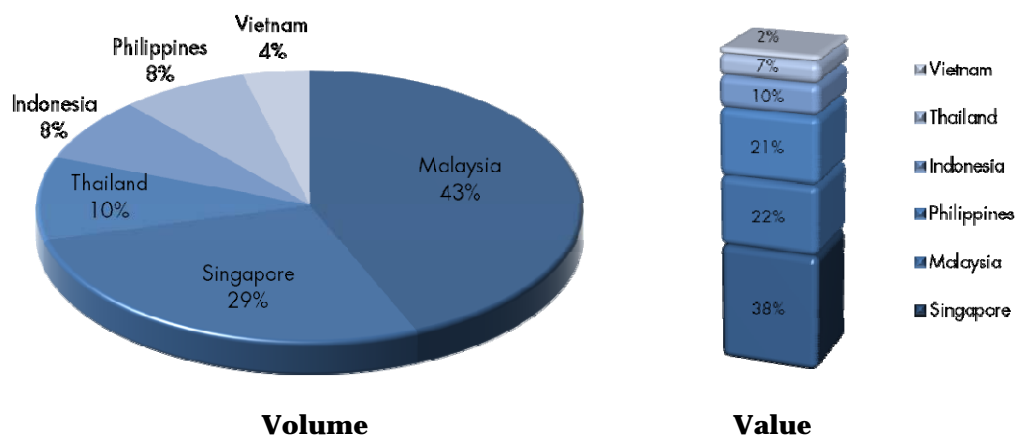


	2006	2007	2008	2009
Number of deals	786	1,136	1,120	973
Deals with value disclosed	614	852	845	732
Value in USD bn	49.5	58.0	80.3	32.0
Average deal size USD m	81	68	95	44

Source: Bloomberg, Pickering Pacific Analysis. For the value of deals and average deal size, deals with no disclosed value have been excluded.

Deal activity in Southeast Asia seems to have recovered from the financial crisis. After sluggish transaction levels from the fourth quarter of 2008 to the second quarter of 2009, the volume of deals picked up from the third quarter of 2009 onwards to levels close to the peaks of 2007 and 2008. In the second half of 2009, 601 deals were recorded for a total disclosed amount of USD 19.5bn. These were largely fuelled by smaller deals as reflected in a 56% decline in the average deal size year-on-year from 2008 to 2009.

M&A Deals in ASEAN-6 – Breakdown by Country



Source: Bloomberg, Pickering Pacific Analysis. Deals recorded during the second half of 2009. For the breakdown by value, deals with no disclosed value have been excluded.

Malaysia and Singapore remained the most active target countries for the second half of 2009 with 426 deals representing 72% of the ASEAN-6 M&A volume. In terms of value, Singapore dominated the market with USD 7.3bn representing 38% of the total value of M&A deals for the last two quarters of 2009.

M&A Deals in ASEAN-6 – Growth Rates

	H1 2009 vs. H2 2009	
	Volume	Value
Malaysia	86%	130%
Singapore	84%	102%
The Philippines	77%	-1%
Indonesia	35%	-2%
Vietnam	26%	602%
Thailand	-6%	50%
ASEAN-6	62%	55%

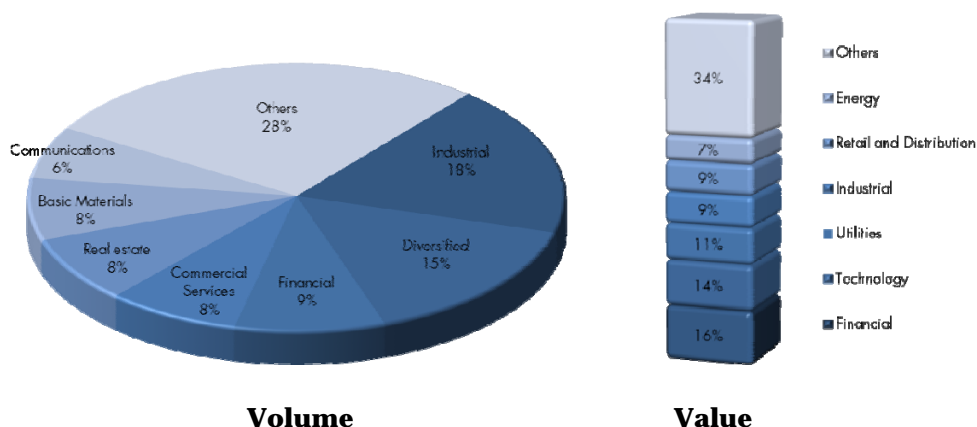
Source: Bloomberg, Pickering Pacific Analysis. For the value of deals, deals with no disclosed value have been excluded.

Deal volumes grew very fast in Malaysia, Singapore and the Philippines, with slower but yet healthy growth in Indonesia and Vietnam. Only Thailand saw a reduction in deal volumes, probably due to the on-going political difficulties of the country.

Thailand’s 50% hike in total deal value despite a 6% decline in deal volume was attributable to large deals by GE Money, ACL Bank and Straits Realty, all concluded in the latter half of 2009. The six-fold increase of Vietnam’s M&A deal value in the second half of 2009 was due to the acquisition of Bao Viet Holdings and Delek Energy Vietnam LLC by British multinational groups.

Even though some investors remained cautious despite the gradual recovery from the global recession, ASEAN-6 M&A figures for the second half of 2009 signal positive sentiments in the market. Deal volumes are fast approaching their peak of 2008.

M&A Deals in ASEAN-6 – Breakdown by Sector



Source: Bloomberg, Pickering Pacific Analysis. Deals recorded during the second half of 2009. For the breakdown by value, deals with no disclosed value have been excluded.

Deals in the second half of 2009 were fairly well spread out among the different sectors the ASEAN-6 economies.

With 110 deals, the industrial sector stood for 18% of the deal volume. The diversified sector followed with 15% of the deal flow. In terms of value, the financial sector represented the most active sector with 16% of the transactions totalling USD 3.1bn.

Key Industry Insights

Industrial

The M&A transaction level in the industrial sector has been steady over the past four years. In the second half of 2009, 110 deals were registered worth USD 1.8bn. Governmental infrastructure spending through the various stimulus plans has largely contributed to this sector. Large government-commissioned projects have brought pressures on firms to merge and or acquire in order to attain a required level of capacity and reap economies of scale.

Financial Services

Activity in the financial sector seems to be on the way of recovery from the 2008-2009 crisis. After hitting a bottom in the first half of 2009, 54 deals were recorded in the second half of the year which represented an increase of almost 40% from the first half. The value of the announced deals was however still low in comparison to the periods preceding the financial crisis, amounting only to USD 3.1bn.

Sellers included many troubled Western banks looking to raise capital to strengthen their financial position at home. Asian institutions which suffered less than their Western counterparts took advantage of these opportunities to add significant scale to their business. The most significant deal was ING selling its private banking business to Singapore's Overseas Chinese Bank (OCBC) for USD 1.5bn in the fourth quarter of 2009.

Communications

There were 38 deals in the communications industry in the second half of 2009 representing 6% of the total number of deals. Most of the activity came from the telecommunications sector (50%).

Southeast Asia has a relatively low level of mobile and broadband penetration, with the exception of Singapore, and therefore continues to provide growth opportunities for operators.

Basic Materials

The second half of 2009 has shown signs of an upturn in the deal activity of the basic materials sectors. In comparison with the same period of the previous year, the number of the deals has increased by 24% (46 vs. 37 deals). However, the value of the transactions collapsed by 85% amounting only to USD 1.4bn.

Energy

M&A activity in the energy sector is usually highly correlated to oil and gas prices. Yet, the recent oil price rebound has not yet fully translated into a rush into M&A transactions mainly because of the uncertainties related to the world economy.

The number of deals recorded in the second half of 2009 was fairly similar to the first half of 2009 and to 2008 with an average of 27 deals per semester. The value of the transactions was however very low amounting to only USD 59m on average, four times less than the average values in 2008.

Real Estate

The slowdown of credit availability and the depressed valuations of assets caused the cooling down of M&A activity in the real estate sector. Only 48 transactions were recorded during the second half of 2009 which represented a 25% decrease in comparison with the peaks registered in 2007 and 2008.

The industry is currently undergoing a re-pricing after the deep downturn and distressed investments are expected to be taken on by opportunistic buyers, especially real estate investment trusts (REITs).

Technology

Recent shifts in consumer preferences from traditional mainstream media to online digital media have propelled smaller M&A deals in the technology sector. Larger deals surfaced only in the second half of 2009 fuelled by stronger investment sentiments and investors jumping at weaker companies with undervalued assets. The sale of Chartered Semiconductors to Abu Dhabi and of the computing arm of National Grid Corporation of the Philippines (NGCP) to Calaca High Power, both in the second half of 2009, were two of the largest technology deals over the four year survey period.

Agriculture

The China-ASEAN Free Trade Agreement (FTA) which entered into force in January 2010 is expected to boost ASEAN agricultural exports to China. Further consolidation between operators in the two largest palm oil producing nations (Indonesia and Malaysia) can be expected. Consolidation started in 2006 in Malaysia with the three-way merger between Sime Darby, Guthrie Group and Golden Hope and the acquisition of PPB Oil Palms by Singapore's Wilmar.

Top 5 Deals for the Second Half of 2009

	Date	Target	Acquirer	Value in USD m	Industry	Country
1	Q3 2009	Chartered Semiconductor	Advanced Technology	2,530	Technology	Singapore
2	Q4 2009	ING Asian Private Banking	Overseas Chinese Bank	1,463	Financial Services	Singapore
3	Q3 2009	Sual Coal Fired Power Plant	San Miguel Corp-Class	1,070	Chemicals	Philippines
4	Q4 2009	Manila Electric Company	Metro Pacific Invest.	1,001	Chemicals	Philippines
5	Q3 2009	KTH Mining Engineering	Kok Tong Construction	765	Engineering	Singapore

Source: Bloomberg, Pickering Pacific Analysis. Deals recorded from 2006 to 2009

Overall Presentation of M&A activity in Southeast Asia for the period of 2006 to 2009

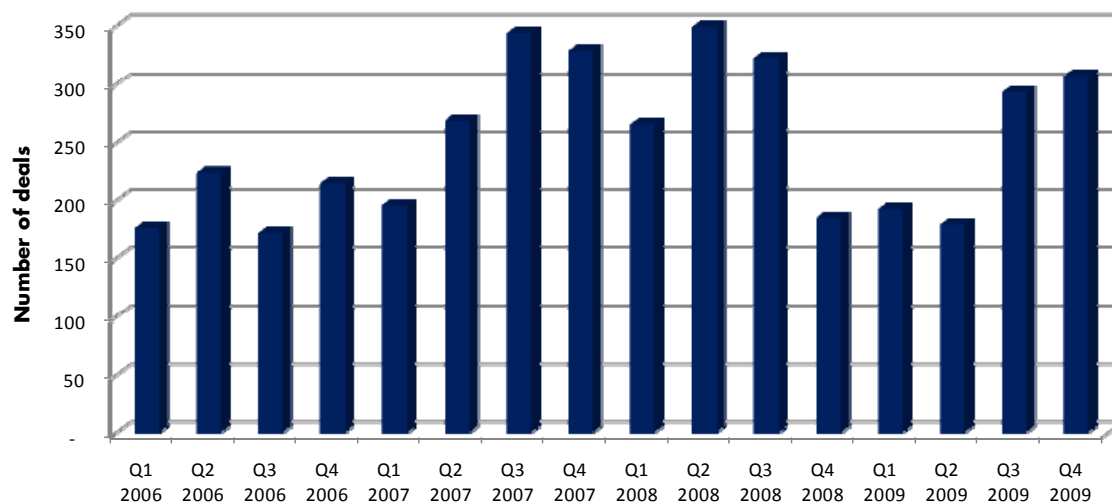
ASEAN-6 – Key Statistics

	2008 Population in million	2008 FDI inflow in USD bn	2008 GDP in USD bn	GDP Growth 08 vs. 07	2008 GDP per capita USD PPP ⁽¹⁾	Inflation 08 vs. 07
Singapore	4.8	22.8	184.1	1.1%	49,338	4.9%
Malaysia	27.9	8.1	222.7	4.6%	13,786	4.4%
Thailand	66.5	9.8	273.7	2.6%	8,216	0.4%
Indonesia	228.5	8.3	511.2	6.1%	3,943	11.1%
The Philippines	90.5	1.5	166.8	3.6%	3,943	8.0%
Vietnam	86.2	8.1	90.7	6.3%	2,817	19.9%
ASEAN-6	504.4	58.6	1,449.2	-	-	-

Source: ASEAN Finance and Macro-economic Surveillance Unit Database except for GDP per capita; IMF for GDP per capita. ⁽¹⁾ PPP: Purchasing Power Parity. Accessed: 7 Jan 2010.

In 2008, ASEAN-6 countries had a combined population of 504.4m people with a cumulative gross domestic product of USD 1,449bn. These countries were among the world's fastest growing economies with annual growth rates ranging from 1.1% to 6.3% for 2008 despite the recession hitting the world in the second part of 2008.

M&A Deals in ASEAN-6 - Deal Overview



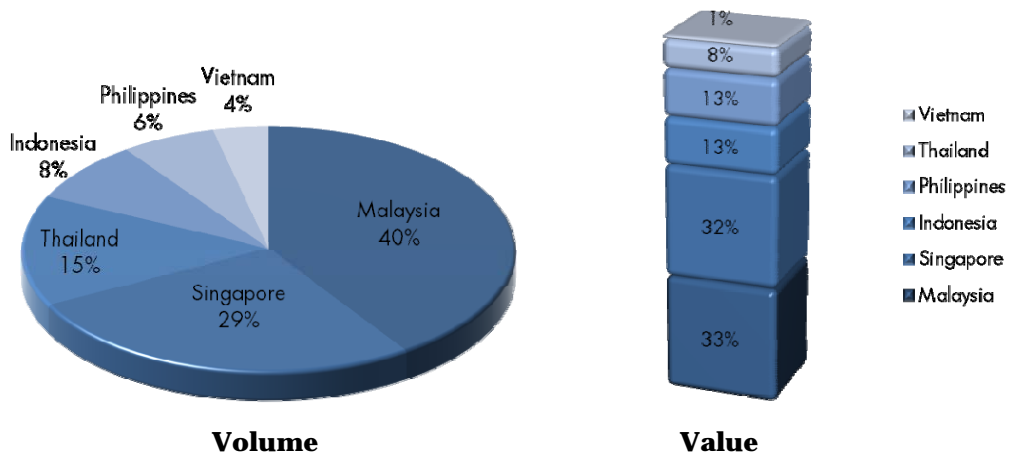
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From 2006 to 2009, a total of 4,015 deals were recorded for a disclosed amount reaching almost USD 219.8bn. Although the number of M&A deals grew from 2006 to 2008, there has been a slowdown in the activity since the last quarter of 2008 which can be attributed to the financial crisis. In 2008, the number of deals decreased by 2% from 1,136 deals in 2007 to 1,120 deals in 2008. The total value of announced deals in 2008 was USD 80.3bn, a 38% increase from the USD 58.0bn recorded in 2007.

M&A activity for 2009 declined sharply. 973 deals with a disclosed value of USD 32.0bn were recorded which represented a decrease of 13% in volume and 60% in value in comparison to 2008.

M&A Deals in ASEAN-6 – Breakdown by Country



Source: Bloomberg, Pickering Pacific Analysis. Deals recorded from 2006 to 2009. For the breakdown by value, deals with no disclosed value have been excluded.

Singapore and Malaysia dominate the M&A landscape in Southeast Asia in terms of both volume and value. From 2006 to 2009, these two countries accounted for 69% of the deal volume and 65% of the deal value. Thailand, Indonesia, Philippines and Vietnam accounted for the remaining 31% in the deal volume and 35% of the deal value. Much of the M&A activity in Vietnam and the Philippines activity only picked up from 2007.

M&A Deals in ASEAN-6 – Growth Rates

	Deal Volume Index (2006=100)			Deal Value Index (2006=100)		
	2007	2008	2009	2007	2008	2009
Malaysia	163	185	147	101	74	26
Singapore	126	125	108	131	262	92
Thailand	135	99	88	182	35	43
The Philippines	133	95	131	92	210	165
Indonesia	120	129	114	91	517	108
Vietnam	350	300	307	1297	471	404
ASEAN-6	145	142	124	117	162	65

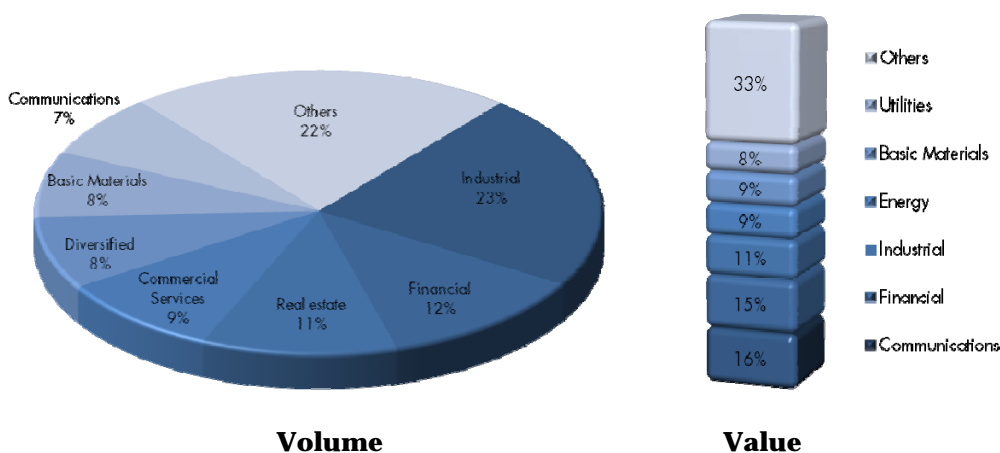
Source: Bloomberg, Pickering Pacific Analysis. For the value of deals, deals with no disclosed value have been excluded.

Between 2006 and 2007, the ASEAN-6 M&A market burgeoned with a 45% increase in total deal volume and a 17% increase in deal value. In percentage terms, the Vietnamese market showed the most prospects with twelve-fold increase in its total deal value.

The growth pace slowed in most countries in 2008 with an overall slowdown in deal volume of 2% in comparison with 2007. The 38% increase in deal value can be explained by the conclusion of several billion dollar deals in the first half of 2008, especially in Singapore and Indonesia, before the effects of the credit crunch took place by tightening credit lines for the financing of M&A.

Deal volume and value fell in most countries in 2009. The ASEAN-6 countries saw a 13% drop in deal volume from 2008 to 2009 and an even larger 60% decline in total deal value. Much of the M&A activity growth was reversed in the first half of 2009, but a subsequent recovery pushed deal frequency back up in the second half of 2009.

M&A Deals in ASEAN-6 – Breakdown by Sector

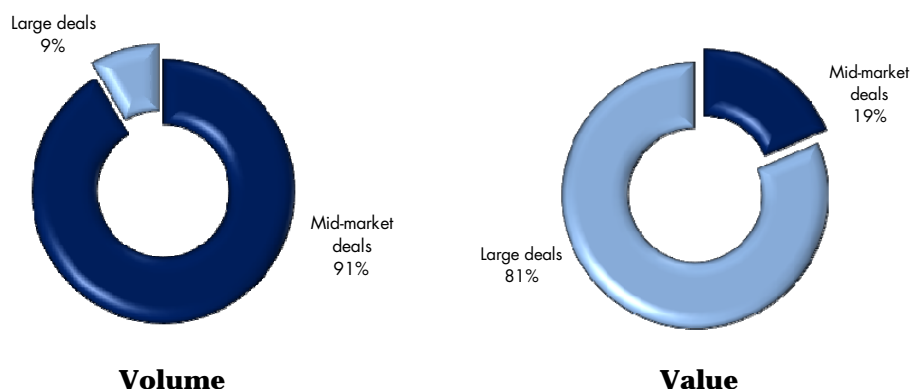


Source: Bloomberg, Pickering Pacific Analysis. Deals recorded from 2006 to 2009. For the breakdown by value, deals with no disclosed value have been excluded.

With 800 transactions, the industrial sector led the deal flow with 23% of the number of deals recorded between 2006 and 2009. The financial and real estate industries followed with respectively 12% and 11% of the deal volume.

The communications and financial sectors led the M&A market in terms of value with a disclosed value of respectively USD 32.6bn and USD 34.3bn.

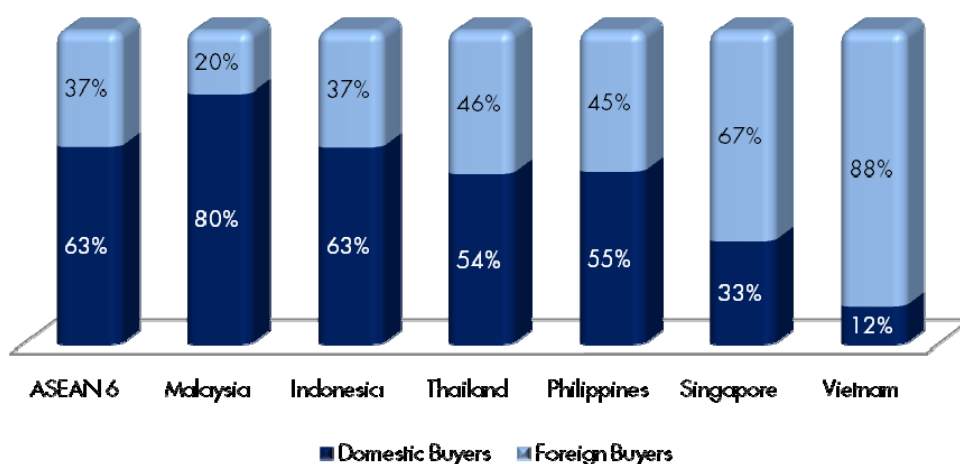
M&A Deals in ASEAN-6 - Mid-Market vs. Large Deals



Source: Bloomberg, Pickering Pacific Analysis. Deals recorded from 2006 to 2009. Mid-market deals refer to any M&A deal up to USD 150m. For the breakdown in volume and value between mid-market and large deals, deals with no disclosed value have been excluded.

Due to the size and structure of the ASEAN-6 economies, its M&A market mainly consists of mid-market deals. For the past four years, mid-market deals represented 91% of the transactions in volume. Whilst large deals accounted for the remaining 9% of the deal volume, they accounted for 81% of deal value (USD 179bn).

M&A Deals in ASEAN-6 - Cross-Border vs. Domestic Deals (in volume)



Source: Bloomberg, Pickering Pacific Analysis. Deals recorded from 2006 to 2009. For the breakdown between foreign and domestic buyers, deals without the acquirer country have been excluded.

M&A transactions in ASEAN-6 countries were mainly done by domestic buyers which accounted for 63% of the deals in volume. The breakdown between domestic and foreign buyers was extremely different between the countries. 80% of M&A transactions in Malaysia were completed by domestic investors while this rate dropped to 12% for Vietnam. Intra-regional transactions played a large role since 65% of foreign buyers were Asian investors. Singapore and Malaysia buyers led the deal flow, accounting for 43% of the deal volume.

Insights by Country (2006-2009)



Singapore

Key facts

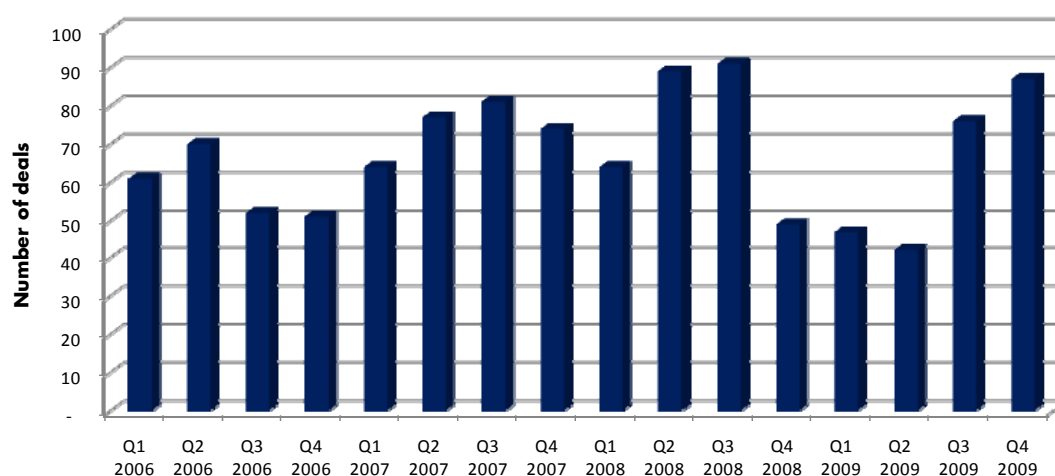
2008 Nominal GDP USD 184.1bn

GDP growth 2007-08 1.1%

Major industries Electronics, Financial Services, Chemicals

2009 M&A deals 253

M&A Deals in Singapore - Deal Overview



	2006	2007	2008	2009
Number of deals	234	296	293	253
Deals with value disclosed	188	221	232	198
Value in USD bn	11.9	15.6	31.2	11.0
Average deal size USD m	63	71	135	55

Source: Bloomberg, Pickering Pacific Analysis. For the value of deals and average deal size, deals with no disclosed value have been excluded.

1,076 deals were recorded from the period of 2006 to 2009. Out of these recorded deals, 839 were reported with a total disclosed deal value amounting to USD 69.7bn.

From 2006 to 2008, M&A activity in Singapore remained relatively robust with average growth rates of 13% in volume and 66% in value.

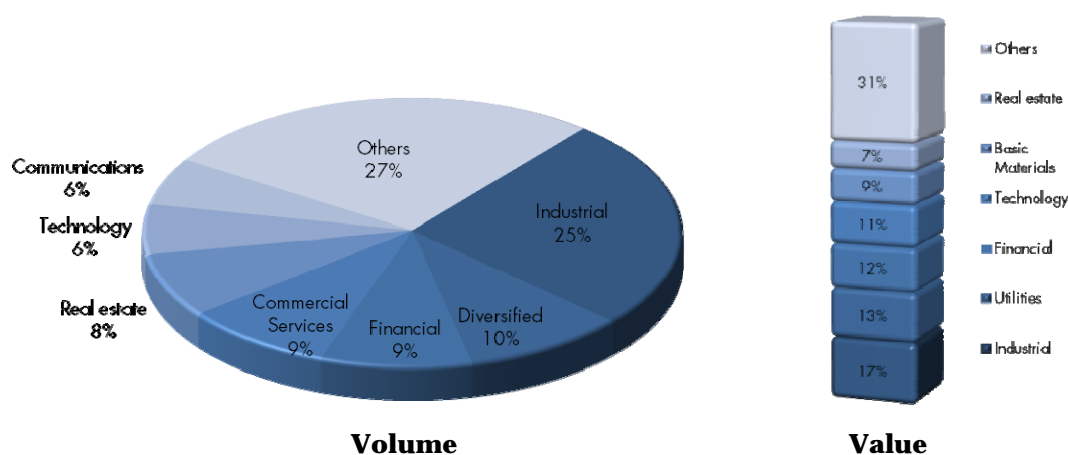
The effects of the financial crisis were felt during the last quarter of 2008 when M&A deal volume plunged by 46% in comparison to the previous quarter. The transaction volume remained weak until the end of the first half of 2009. The second half of 2009 saw a rebound both in volume and value with an increase of respectively 84% and 102% compared to the first half of the year.

A few large deals above the USD 1bn threshold dominated the deal value from 2006 to 2009. The sales of three energy companies (Power Seraya, Senoko Power and Tuas Power) by the Singapore Government’s investment arm, Temasek Holdings, were among the largest deals in 2008. Only the sale of ING’s Asian private banking arm to OCBC crossed the one billion mark in 2009.

From 2006 to 2009, 89% of the deals had a deal size of less than USD 150m. The average deal size increased from 2006 to 2008 but suffered a steep decline in 2009. 94% of deals in 2009 were for less than USD 150m and only 4% of deals crossed the USD 250m mark. 2008 was exceptional due to the divestment of billion-dollar energy companies, pushing the average deal size to USD 135m.

The deals done by foreign players stood for 67% of the deal volume. A high proportion of these buyers are from neighboring Malaysia (15%), followed by the United States and Hong Kong, each accounting for approximately 9%. Whereas the average domestic deal size across the past four years was USD 42m, the average foreign deal size is more than twice that amount (USD 91m).

M&A Deals in Singapore – Breakdown by Sector



Source: Bloomberg, Pickering Pacific Analysis. Deals recorded from 2006 to 2009. For the breakdown by value, deals with no disclosed value have been excluded.

Singapore's industrial sector remains the most active both in terms of value and volume with 275 deals worth USD 11.5bn. Within this sector, the engineering and construction activity represented 21% of the deal volume. The largest industrial deal was Dubai World's USD 1.6bn acquisition of Labroy Marine in 2007. The deal was primarily motivated by needs of Dubai World to consolidate its activities in Southeast Asia and to expand its rig-building operations due to record oil prices that year.

The utilities sector, though having only eight deals over the past four years, represented 13% of the deal value. The sales of the three energy companies reached USD 8.3bn. These were part of the Government's plan to restructure the energy industry and heighten the efficiency of electricity supply in the island nation.

The financial and technology sector represented respectively 12% and 11% of the deal value. The two largest acquisitions were those of ING Asian Private Banking and Chartered Semiconductor.

M&A Deals in Singapore – Top 5 Completed Deals

	Date	Target	Acquirer	Value in USD m	Industry
1	Q3 2008	National Starch*	Henkel AG	5,346	Chemicals
2	Q1 2008	Tuas Power	China Huaneng Group	3,066	Utilities
3	Q3 2008	Senoko Power	Lion Power	2,764	Utilities
4	Q3 2009	Chartered Semiconductor	Advanced Technology Invest.	2,530	Technology
5	Q4 2008	Power Seraya	YTL Power International	2,482	Utilities

Source: Bloomberg, Pickering Pacific Analysis. Deals recorded from 2006 to 2009. * The division sold was headquartered in Singapore.

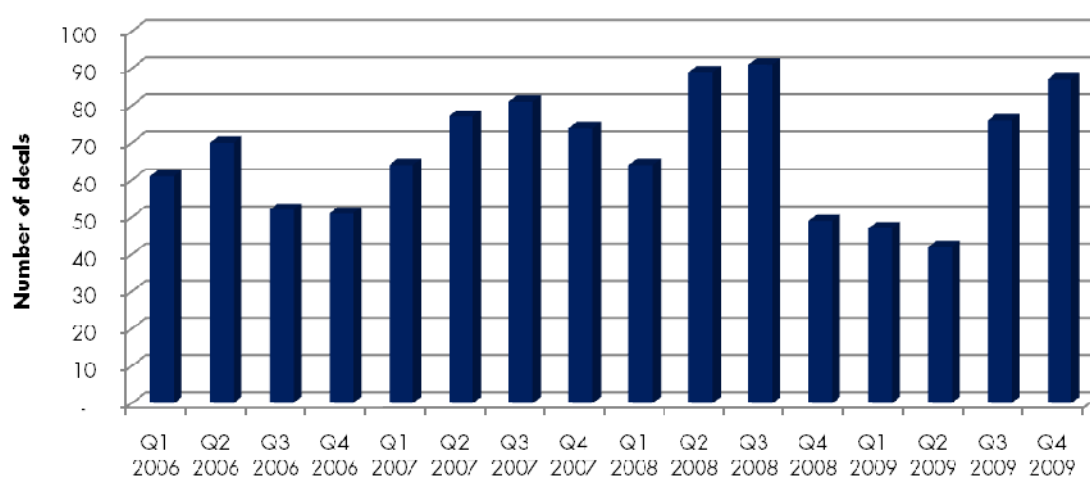


Malaysia

Key facts

2008 Nominal GDP	USD 222.7bn
GDP growth	4.6%
Major industries	Electronics, Oil & Gas, Palm Oil
2009 M&A deals	403

M&A Deals in Malaysia - Deal Overview



	2006	2007	2008	2009
Number of deals	274	446	506	403
Deals with value disclosed	213	335	364	319
Value in USD bn	23.9	24.1	17.7	6.2
Average deal size USD m	112	72	49	20

Source: Bloomberg, Pickering Pacific Analysis. For the value of deals and average deal size, deals with no disclosed value have been excluded.

A total of 1,629 deals were recorded in Malaysia from 2006 to 2009. Out of these deals, 1,231 deals were announced with a total disclosed value of USD 72.0bn.

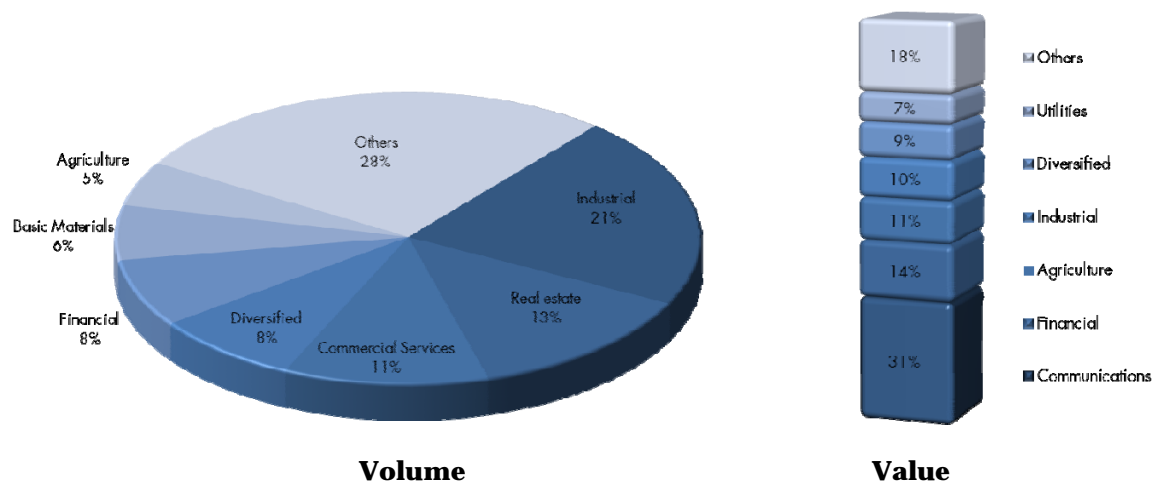
From 2006 to 2008, M&A activity in Malaysia has been steady with an average growth of 36% in volume despite a 14% decline in value. Whereas the deal activity remained fairly constant until the third quarter of 2008, the last quarter of the year saw a sharp drop in the deal value and volume by respectively 57% and 83% in comparison to the previous quarter. As in the Singaporean M&A market, the second half of 2009 experienced a pickup in the deal volume and value.

Two large deals in 2007 and 2008 were the primary drivers of both years' total deal value. The going-private of Maxis Communications for USD 11.9bn in 2007 accounted for 49% of total value of the deals announced that year. The USD 8.6bn demerging and listing of TM International (now known as Axiata Group), Telekom Malaysia's former mobile unit division, took up 49% of 2008's deal value.

From 2006 to 2009, mid-market transactions stood for 96% of the deal volume. The average value of mid-market deals was USD 16m reaching a total value of USD 17.2bn. Large deals amounted to USD 54.8bn with an average deal size of USD 1.4bn.

The Malaysian M&A market was dominated by domestic investors who represented 80% of the deals in volume and 81% in value. This rate is by far the highest in the ASEAN-6 countries. In June 2009, Malaysia Prime Minister announced a comprehensive deregulation of the investment guidelines administered by the Foreign Investment Committee (FIC). The measures implemented constitute a major easing of investment regulations and should increase the number of acquisitions by foreign players.

M&A Deals in Malaysia – Breakdown by Sector



Source: Bloomberg, Pickering Pacific Analysis. Deals recorded from 2006 to 2009. For the breakdown by value, deals with no disclosed value have been excluded.

Between 2006 and 2009, the industrial sector accounted for 21% of the number of transactions with 349 deals. It was followed by the real estate sector with 213 deals representing 13% of the deal volume.

Despite accounting for only 4% of the deal volume, the communications sector represented 31% of the deal value with an amount reaching USD 22.3bn. The two largest deals recorded for the period were in this sector. The largest one was the privatization of Maxis Communications, Malaysia’s largest mobile phone operator, by the bidding vehicle Binariang GSM owned by Malaysian tycoon Ananda Krishnan (the country’s second richest man and a significant shareholder of Maxis Communications prior to the deal). The second largest deal was the demerging and listing of TM International (now known as Axiata Group), Telekom Malaysia’s former mobile unit division. Both transactions were motivated by a willingness to accelerate the companies’ expansion into less mature Asian markets, in particular in South and Southeast Asia.

M&A Deals in Malaysia – Top 5 Completed Deals

	Date	Target	Acquirer	Value in USD m	Industry
1	Q2 2007	Maxis Communications	Binariang GSM	11,911	Telecommunications
2	Q2 2008	TM International	Telekom Malaysia	8,588	Telecommunications
3	Q4 2006	Kumpulan Sime Darby	Sime Darby	4,506	Holding Companies
4	Q2 2006	Malakoff	MMC Corp	4,110	Electric
5	Q4 2006	Golden Hope Plantations	Sime Darby	2,265	Agriculture

Source: Bloomberg, Pickering Pacific Analysis. Deals recorded from 2006 to 2009.

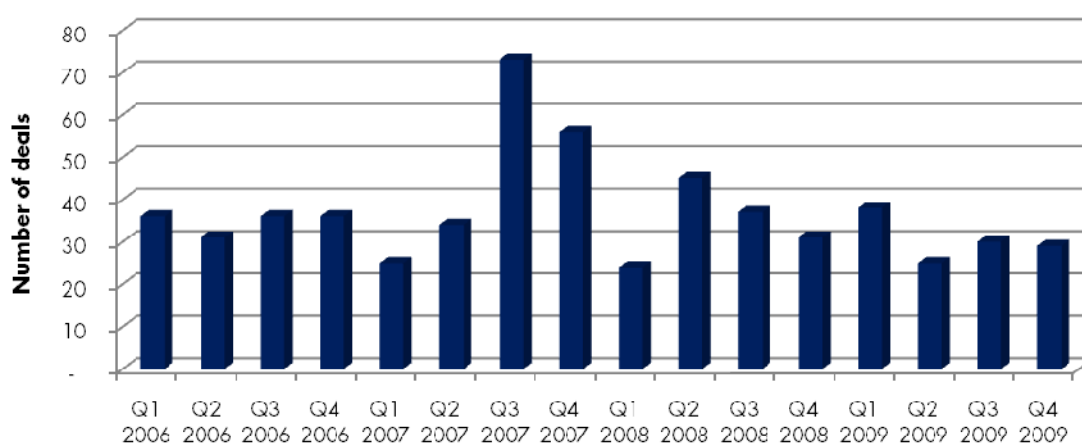


Thailand

Key facts

2008 Nominal GDP	USD 273.7bn
GDP growth	2.6%
Major industries	Automotive, Textile, Electronics
2009 M&A deals	122

M&A Deals in Thailand - Deal Overview



	2006	2007	2008	2009
Number of deals	139	188	137	122
Deals with value disclosed	111	154	115	92
Value in USD bn	4.9	8.9	1.7	2.1
Average deal size USD m	44	58	15	23

Source: Bloomberg, Pickering Pacific Analysis. For the value of deals and average deal size, deals with no disclosed value have been excluded.

M&A activity in Thailand displayed great volatility over the past four years. 586 deals were announced during this period with a total value of USD 17.7bn.

Following a 35% increase in deal volume from 2006 to 2007, subsequent declines of 27% in 2008 and 11% in 2009 brought the deal volume down to 122 deals. The deal value hit a peak in 2007 at USD 8.9bn, boosted by three large deals (Aromatics Thailand, Advance Agro and United Communication) which accounted for almost half of the deal value that year.

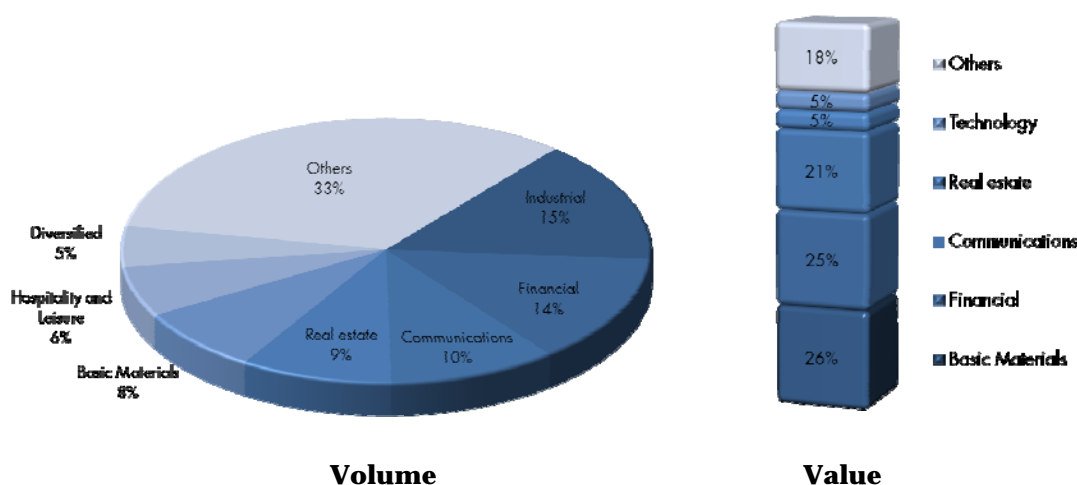
The low deal volume and value in 2008 could have been attributable to the unstable political climate back then which still largely prevails today. There is no sign of recovery since 2009 also experienced sluggish transaction levels.

In terms of deal size, 97% of deals were mid-market transactions. 2006 and 2007 saw comparatively more large transactions, with the average deal size reaching respectively USD 44m and USD 58m. These values dipped in 2008 and 2009 to USD 15m and USD 23m respectively.

Transactions done by domestic buyers represented 54% of the deal volume. The average domestic deal size amounted to USD 27m whereas the average deal size for foreign buyers reached USD 39m.

With 104 deals, Asian buyers were the largest contingent of foreign buyers accounting for 55% of the deals done by foreign companies. Japanese buyers were top on the list with 42 deals followed by Singapore and Malaysia, each taking up 25% of these deals.

M&A Deals in Thailand – Breakdown by Sector



Source: Bloomberg, Pickering Pacific Analysis. Deals recorded from 2006 to 2009. For the breakdown by value, deals with no disclosed value have been excluded.

For the past four years, the industrial and financial sectors led the M&A deal volume with 88 and 78 transactions respectively. The industrial sector accounted for 15% of the deal volume. However it represented only USD 617m i.e., 3% of the deal value.

The financial industry and basic materials sector accounted together for slightly more than half the total value of deals closed (USD 9.1bn). The majority of the large deals in both of these sectors arose primarily in 2007.

Average deal sizes were the highest in the basic materials sector at USD 101m.

M&A Deals in Thailand – Top 5 Completed Deals

	Date	Target	Acquirer	Value in USD m	Industry
1	Q3 2007	Aromatics Thailand	Rayong Refinery	2,597	Chemicals
2	Q1 2006	Shin Corp	Temasek Holdings	2,316	Telecommunications
3	Q4 2007	Advance Agro Public	Private Investor	1,011	Forest Products
4	Q1 2007	United Communication	Total Access Communication	819	Telecommunications
5	Q2 2006	Bank of Ayudhya	General Electric Co	584	Financial Services

Source: Bloomberg, Pickering Pacific Analysis. Deals recorded from 2006 to 2009.

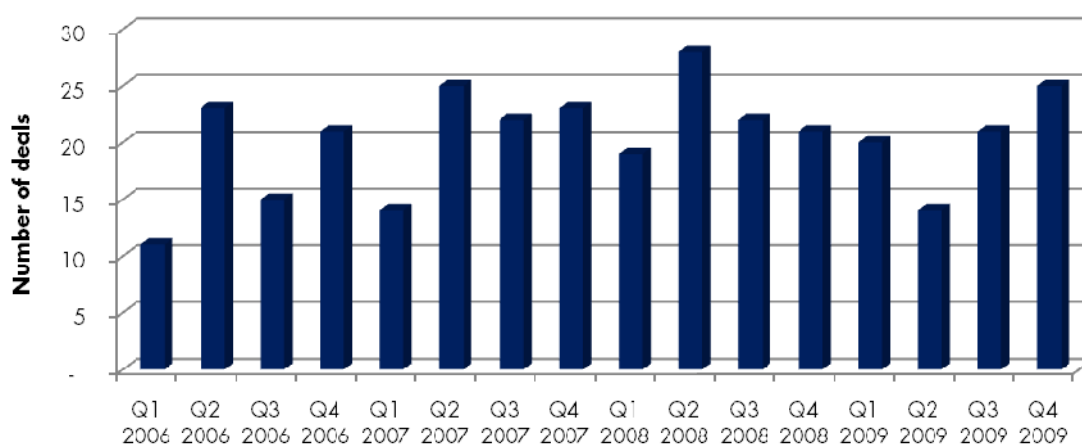


Indonesia

Key facts

2008 Nominal GDP	USD 511.2bn
GDP growth	6.1%
Major industries	Oil & Gas, Mining, Textile
2009 M&A deals	80

M&A Deals in Indonesia - Deal Overview



	2006	2007	2008	2009
Number of deals	70	84	90	80
Deals with value disclosed	50	60	77	62
Value in USD bn	3.6	3.2	18.5	3.9
Average deal size USD m	72	54	240	63

Source: Bloomberg, Pickering Pacific Analysis. For the value of deals and average deal size, deals with no disclosed value have been excluded.

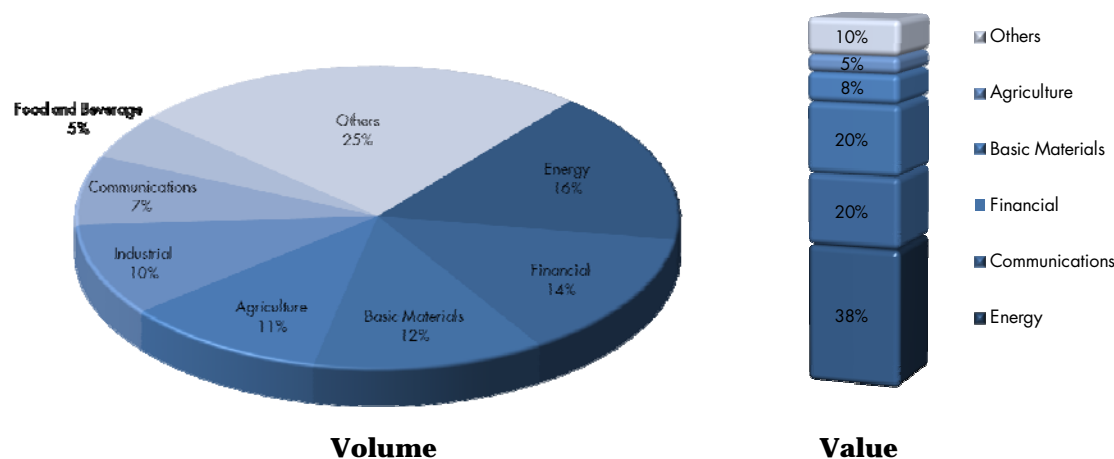
A total of 324 deals were recorded in Indonesia since 2006. In 2007, 84 deals were announced which represented an increase of 20% in comparison to 2006. M&A activity for 2008 was still robust with 90 announced deals and outpaced 2007. However, only 80 deals were announced in 2009 which represented a decrease of 11%.

Out of these 324 deals, 244 were reported with a disclosed deal value. The total disclosed value of these transactions amounted to USD 29.2bn. The value of the deals recorded during the first semester of 2008 was exceptionally high, reaching USD 12.7bn and representing almost half of the total deal value of the four-year period.

From 2006 to 2009, mid-market deals represented 84% of deals in volume (204 deals) registered and 14% of deals in value (USD 4.1bn). The average mid-market deal size was USD 20m. During the same period, large deals accounted for 16% of M&A deals in volume with 40 deals but stood for 86% of all deals in value with a total disclosed value of USD 25.1bn. The average large deal size was USD 627m.

During the same period, deals done by foreign investors represented 37% of the deals in volume and 53% in value. Six foreign deals out of ten were done by Asian companies, with firms from Singapore and Malaysia making up the bulk of these Asian buyers.

M&A Deals in Indonesia – Breakdown by Sector



Source: Bloomberg, Pickering Pacific Analysis. Deals recorded from 2006 to 2009. For the breakdown by value, deals with no disclosed value have been excluded.

With 53 deals for a total disclosed value of USD 11.2bn, the energy sector accounted for 16% of the deal volume and 38% of the deal value. Three of the five largest deals of the period were in the energy sector (see table at the end of this section).

There were only 24 deals in the communications sector, however they accounted for 20% of the deal value i.e., USD 5.7bn. The acquisition of Indosat by Qatar Telecom was the second largest Indonesian deal since 2006 and accounted for half the value of the deals in the communications sector. Qatar Telecom considers that this deal would enable it to tap on Indonesia's population of 230m, the 4th largest in the world, with a mobile penetration rate of only 41%.

The agriculture sector topped the chart in both volume and value, accounting respectively for 11% and 8% of the deals. The palm-oil sector was the most dynamic sectors in the Indonesian agro-industry with 13 transactions which represented almost half of the deals.

Indonesia and Malaysia are by far the largest producers of palm oil in the world. The Indonesian Government maintained supportive policies to attract both domestic and foreign investments in the sector. Malaysian palm-oil companies were extremely active accounting for the vast majority of the transactions. The decrease of palm oil prices since 2008 has put pressures on profitability; this trend should benefit larger producers and foster further consolidation within the industry.

M&A Deals in Indonesia – Top 5 Completed Deals

	Date	Target	Acquirer	Value in USD m	Industry
1	Q1 2008	Bumi Resources	Bakrie & Brothers	5,188	Coal
2	Q3 2008	Indosat	Qatar Telecom	2,816	Telecommunications
3	Q2 2006	Energi Mega Persada	Bumi Resources	1,573	Oil & Gas
4	Q1 2008	Energi Mega Persada	Bakrie & Brothers	758	Oil & Gas
5	Q1 2008	Bank Internasional Indonesia	Malayan Banking	700	Financial Services

Source: Bloomberg, Pickering Pacific Analysis. Deals recorded from 2006 to 2009.

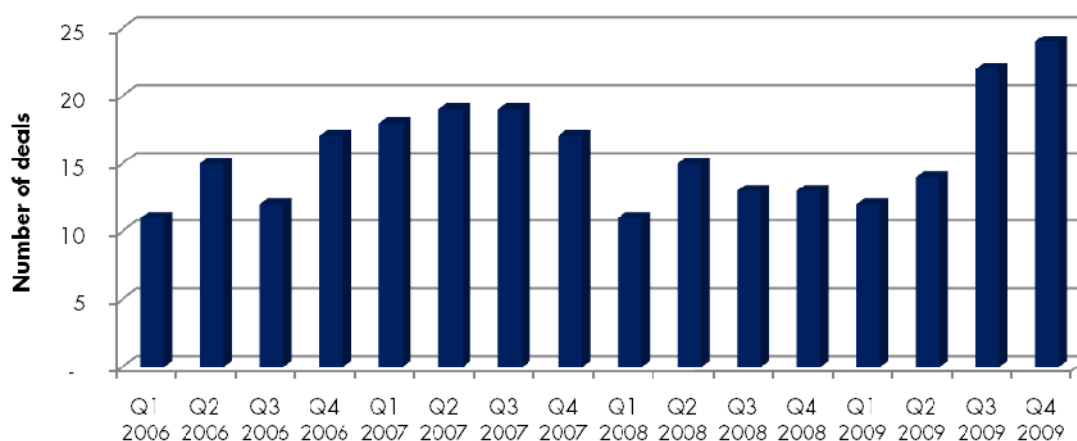


The Philippines

Key facts

2008 Nominal GDP	USD 166.8bn
GDP growth	3.6%
Major industries	Agriculture, Electronics, Business Process Outsourcing
2009 M&A deals	72

M&A Deals in The Philippines - Deal Overview



	2006	2007	2008	2009
Number of deals	55	73	52	72
Deals with value disclosed	40	55	35	42
Value in USD bn	5.1	4.6	10.6	8.3
Average deal size USD m	126	84	304	198

Source: Bloomberg, Pickering Pacific Analysis. For the value of deals and average deal size, deals with no disclosed value have been excluded.

Since 2006, 252 deals have been recorded in the Philippines. In 2007 activity increased by 33% in volume; 73 deals were announced compared to 55 in 2006. M&A activity for 2008

experienced a slump. In total 52 deals were recorded for 2008; this represented a decrease of 29% in comparison to 2007. The number of deals jumped to unprecedented level since the third quarter of 2009. 46 transactions were recorded for the second half of 2009 which represented an increase by 21% to the peak period in 2007.

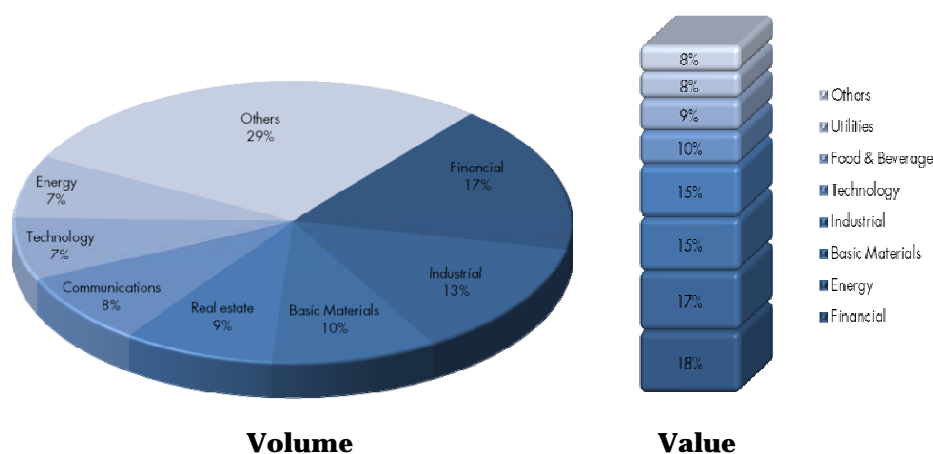
Out of these 252 deals, 172 were reported with a disclosed deal value. The total value of these transactions amounted to USD 28.7bn. Although the deal volume was high during 2007, the deal value decreased by 8% in comparison to the 2006 level, i.e., USD 4.6bn. Despite the slackening of the activity in 2008, the value of deals for 2008 was more than twice the level of 2007, i.e., USD 10.6bn. A few large deals explained this increase in value (Petron Corp, National Transmission and Manila Electric).

In comparison with other ASEAN-6 countries, the average deal size in the Philippines is twice as high i.e., USD 167m vs. USD 72m. The average deal size reached a peak in 2008 at USD 304m.

Mid-market deals represented 80% of deals in volume with 137 transactions registered. In terms of value, mid-market deals accounted for 10% of all deals with a total of USD 2.9bn. The average mid-market deal size was USD 21m. During the same period, 35 large deals have been registered with a disclosed value of USD 25.8bn. The average large deal size was USD 737m.

From 2006 to 2009, foreign investors represented 45% of announced deals and 53% in value. Much of the USD 13.3bn worth of foreign acquisitions arose in 2008 from the National Transmission Corporation and Petron Corporation deals which totalled USD 6.0bn. The bulk of foreign buyers came from the United States. With 25 transactions, American buyers represented 22% of the deals announced by foreign countries.

M&A Deals in The Philippines – Breakdown by Sector



Source: Bloomberg, Pickering Pacific Analysis. Deals recorded from 2006 to 2009. For the breakdown by value, deals with no disclosed value have been excluded.

M&A transactions in the financial sector led the deal flow both in terms of volume and value during the survey period with a total of 44 deals worth USD 5.1bn. This high activity level is explained by the consolidation trend in the banking industry with large banks like Banco de Oro Unibank and Metrobank using M&A to strengthen their position.

The energy sector represented 17% of the deal value. The most significant deal was the acquisition of a 91% stake in Petron Corporation by the British investment management company, Ashmore Group for USD 3.6bn in 2008.

The basic materials sector was relatively large standing for 10% of the deal volume and 15% of the deal value due to the ongoing privatization of this sector. Most of the transactions were transactions initiated by state-owned Power Sector Assets and Liabilities Management Corporation (PSALM). PSALM conducted divestments in National Transmission Company, Sual Coal Fired Plant, Pagbilao Plant and Calaca Plant just to name a few.

With 18 deals worth USD 187m, the technology sector has been quite active over the past four years. Within this sector, the offshore business process outsourcing (BPO) has been on the rise since 2006 and the industry size is expected to hit USD 180bn by 2010. With the Philippine Export Zone Authority (PEZA) granting tax breaks and other government investment incentives for investors locating their BPO or call centre activities in the country, but pressures from competitors in other countries driving down prices, M&A activity is poised to rise in this sector.

M&A Deals in The Philippines – Top 5 Completed Deals

	Date	Target	Acquirer	Value in USD m	Industry
1	Q4 2008	National Transmission Corp	Monte Oro Grid Resources	3,950	Basic Materials
2	Q4 2006	Equitable PCI Bank	Banco de Oro Unibank	2,337	Financial
3	Q2 2008	Petron Corporation	Ashmore Group PLC	2,069	Energy
4	Q4 2007	Energy Development Corp	Red Vulcan Holdings	1,993	Utilities
5	Q1 2009	San Miguel Brewery Inc.	Kirin Holdings Co Ltd	1,509	Beverages

Source: Bloomberg, Pickering Pacific Analysis. Deals recorded from 2006 to 2009.

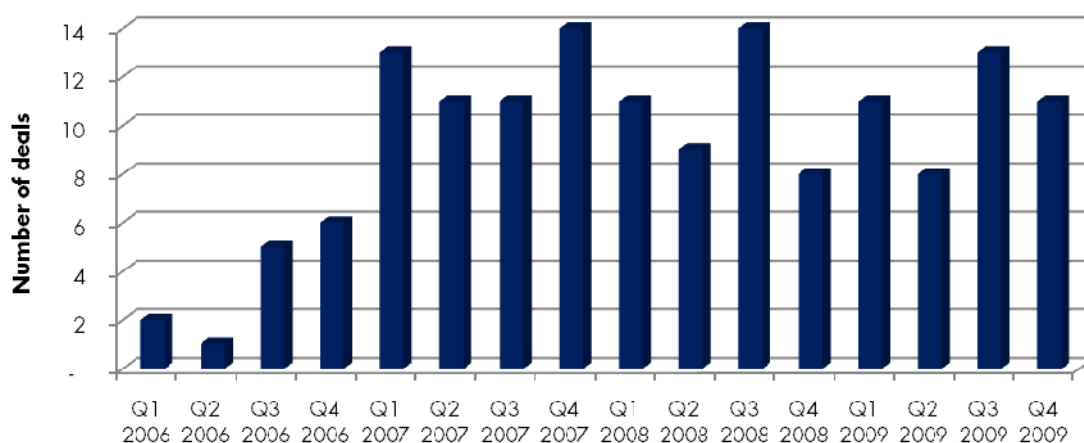


Vietnam

Key facts

2008 Nominal GDP	USD 90.7bn
GDP growth	6.3%
Major industries	Agriculture, Consumer Electronics, Basic Materials
2009 M&A deals	43

M&A Deals in Vietnam - Deal Overview



	2006	2007	2008	2009
Number of deals	14	49	42	43
Deals with value disclosed	12	27	22	19
Value in USD bn	0.1	1.5	0.6	0.5
Average deal size USD m	10	57	25	25.1

Source: Bloomberg, Pickering Pacific Analysis. For the value of deals and average deal size, deals with no disclosed value have been excluded.

Because of the lack of fully reliable statistics, the level of M&A activity in Vietnam is difficult to report precisely. However, the increase in M&A activity is undeniable, even if it is

reasonable to assume that part of the increase in the number of reported deals is due to better data coverage.

Since 2006, 148 deals were recorded. The activity soared in 2007 with almost four times more deals than in 2006. Vietnam M&A volumes were not much affected by the recent financial turmoil. The deal flow for 2009 remained fairly stable with 43 deals recorded.

Out of these 148 deals, 80 were reported with a disclosed deal value. The total value of these transactions amounted to USD 2.7bn. The year 2007 set a record with USD 1.5bn.

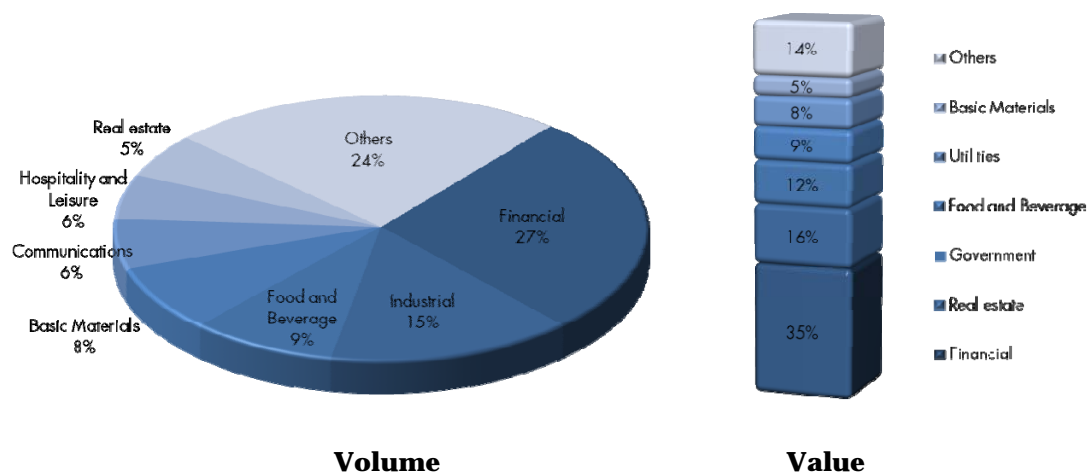
The average deal size was still small in comparison to other ASEAN-6 countries. The average deal size has stabilized around USD 25m for the last two years.

From 2006 to 2009, mid-market deals represented 95% of all deals in volume with 73 deals registered for a total disclosed value of USD 1.7bn. The average mid-market deal size was USD 22m.

There were only five large deals recorded since 2006 (see table page 34 for the top 5 deals), standing for 5% of the deals in volume and 38% of the deals in value. The average large deal size was USD 247m.

Foreign buyers topped the chart both in volume and value. Since 2006, 88% of the M&A buyers were foreign investors. Asian companies, in particular firms from Singapore and Hong Kong, made up the bulk of these buyers, accounting for 34% of deals made by foreigners deals. The average deal size was USD 38m for deals completed by foreign investors compared to USD 19m for deals done by domestic players.

M&A Deals in Vietnam – Breakdown by Sector



Source: Bloomberg, Pickering Pacific Analysis. Deals recorded from 2006 to 2009. For the breakdown by value, deals with no disclosed value have been excluded.

A sizeable portion of the M&A transactions came from the financial sector, which accounted for 27% of the number of deals recorded between 2006 and 2009. With a disclosed value reaching USD 0.9bn, financial services deals accounted for more than a third of the value of the deals recorded for the same period. Three of the largest deals were within this sector (see page 34).

With its accession to the World Trade Organization (WTO), Vietnam committed to opening its financial services sector to foreign investments. The gradual easing of restrictions in the sector has contributed to the increase in the number of deals since the end of 2007. International groups have already made strong inroads into the market: 90% of the transactions in the financial sector since this date were done by foreign companies.

The food and beverages (F&B) sector represented respectively 9% and 12% of the number and value of deals. The Vietnamese F&B market drew foreign investors’ attention because of its high potential for growth. This market is highly fragmented with fierce competition and represents a significant opportunity for M&A.

M&A Deals in Vietnam – Top 5 Completed Deals

	Date	Target	Acquirer	Value in USD m	Industry
1	Q3 2007	Larkhall Holdings Ltd	China Motion Telecom	333	Real Estate
2	Q3 2007	Vietnam Insurance Corp	HSBC Holdings PLC	254	Insurance
3	Q4 2007	Vietnam Exim Bank	Sumitomo Mitsui	225	Sovereign
4	Q4 2007	Vietnam Oil & Gas Group	Morgan Stanley	217	Electric
5	Q4 2009	Bao Viet Holdings	HSBC Holdings PLC	207	Insurance

Source: Bloomberg, Pickering Pacific Analysis. Deals recorded from 2006 to 2009.

For further information, please contact: info@pickeringpacific.com

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Pickering Pacific Pte Ltd

3 Pickering Street, #02-22

Nankin row

Singapore 048660

Tel: +65 6225 9128

www.pickeringpacific.com

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